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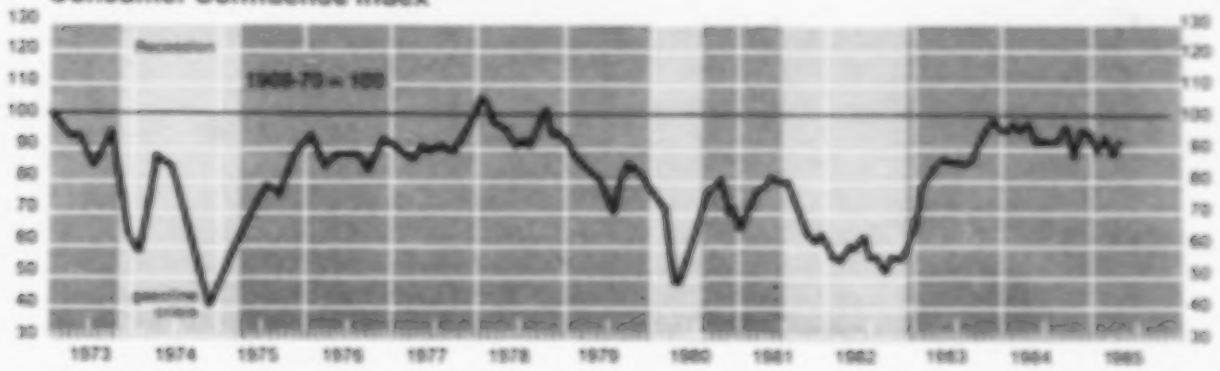
Consumer Attitudes and Buying Plans

A Monthly Report from The Conference Board
Based on a Survey Conducted by NFO Research, Inc.

July, 1985

Consumer Confidence Index



CONSUMER SPIRITS IMPROVE BUYING PLANS REBOUND

Consumer spirits, which had sagged in May, rebounded in June. The Conference Board's measure of consumer confidence (1969-70 = 100) now stands at 91.5, a gain of slightly more than four points for the month. Plans to buy, which had been down in the last survey, also registered a smart recovery.

In evaluating the current situation, consumers feel a bit more positive than in May. Some 29% of all respondents now consider business conditions to be "good", up about a full point over the previous probe. Similarly, the number reporting that jobs are "plentiful" edged up roughly a point, to 20 percent.

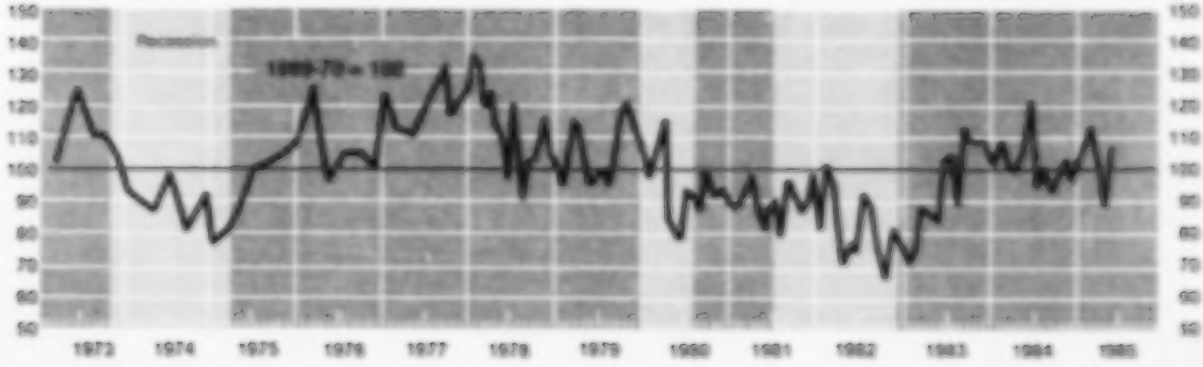
In looking ahead, consumers show a good deal more optimism about the second half of the year. A larger number than last month now expect "more jobs" to become available, and more anticipate a general improvement in business conditions. Also a slightly larger proportion of the respondents now believe that their personal income will increase in the months ahead.

Not surprisingly, buying plans have strengthened, and for all major expenditures included in the survey. The number of people planning to buy an automobile in the next 6 months rose to 8.9% of all respondents, up from 7.2 percent. Interest in home-buying is also sturdier, with 3.9% of respondents intending to make a purchase, up from May's 3.1 percent. Plans to acquire a major appliance showed an increase too. About one-half of all respondents indicated that they plan to take a vacation during the next 6 months. This seasonally-adjusted series is higher than it has been in a long time. However, fewer persons plan to visit a foreign country -- perhaps in response to the hostage crisis. The weakening of the dollar in recent months may also be a factor.

The overall improvement in consumer confidence in June suggests that economic activity is recovering from the unimpressive performance earlier in the year. However, the level of consumer expectations, which has a good record as a leading economic indicator, has followed a see-saw pattern in recent months. And the most recent readings of that series, while up from the previous month, are still lower than early in the year. Still, the latest message from the consumer is encouraging if not yet quite convincing.

Fabian Linden

Buying Plans Index



All data seasonally adjusted

Consumer Expectations and Intentions

Based on surveys conducted by NFO Research, Inc.

Percentage of all households = 100%

Entries seasonally adjusted	1984 Jun	Jul	Aug	Sept	Oct	Nov	Dec	1985 Jan	Feb	Mar	Apr	May (r)	Jun (p)
Appraisal of Present Situation: Percent													
Business Conditions													
Good	26.8	27.0	27.6	28.7	26.9	29.6	25.6	29.4	28.8	28.3	29.5	28.3	29.1
Bad	18.2	19.8	19.9	19.0	19.7	20.1	22.0	19.1	19.6	19.8	18.1	20.3	20.1
Normal	55.0	53.2	52.5	52.3	53.4	50.3	52.4	51.5	51.6	51.9	52.4	51.4	50.8
Employment													
Jobs plentiful	19.1	17.3	18.1	17.7	16.9	19.1	16.5	18.8	19.8	17.7	19.0	19.1	20.3
Jobs not so plentiful	50.7	49.9	49.0	49.3	49.9	47.8	48.5	50.9	49.4	49.1	51.3	48.7	48.1
Jobs hard to get	32.8	32.8	32.9	33.0	33.2	33.1	35.3	30.3	30.8	33.2	29.7	32.2	31.6
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	23.3	22.2	22.8	23.0	24.3	26.1	20.0	22.0	23.7	19.5	19.7	18.3	20.4
Worse	7.6	8.7	9.0	9.5	8.3	8.6	10.2	7.5	7.5	9.6	8.2	9.1	8.7
Same	69.1	69.1	68.2	67.5	67.4	65.3	69.8	70.5	68.8	70.9	72.1	72.6	70.9
Employment													
More jobs	17.1	16.5	16.7	16.2	18.5	19.2	16.4	17.9	17.2	14.3	15.0	13.4	15.2
Fewer jobs	13.3	15.8	15.2	16.0	16.8	13.7	17.2	14.3	13.7	16.7	15.0	16.9	15.9
Same	69.6	67.7	68.1	67.8	64.7	67.1	66.4	67.8	69.1	69.0	70.0	69.7	68.9
Income													
Increase	29.3	29.5	28.2	27.0	29.1	30.9	26.7	28.9	26.1	26.9	26.2	25.6	27.2
Decrease	6.1	7.6	7.5	7.5	8.6	6.8	7.9	8.2	7.7	7.9	7.2	8.2	7.8
Same	64.6	62.9	64.3	65.5	62.3	62.3	65.4	62.9	66.2	65.2	66.6	66.2	65.0
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	10.0	7.8	8.5	7.0	7.9	8.5	8.1	8.9	9.2	10.1	7.9	7.2	8.9
New	5.1	4.6	4.8	3.6	4.4	4.9	4.6	4.7	4.8	5.3	4.3	4.0	5.0
Used	3.3	2.5	2.8	2.3	2.8	2.7	2.6	2.8	3.1	3.6	2.9	2.5	3.0
Uncertain	1.6	0.7	0.9	1.1	0.7	0.9	0.9	1.4	1.3	1.2	0.7	0.7	0.9
Home													
Yes	3.8	3.0	3.3	3.4	3.3	3.1	2.9	3.2	3.1	3.6	3.7	3.1	3.5
New	1.3	1.0	0.9	1.1	1.1	1.0	1.2	0.8	0.9	0.8	0.9	0.9	1.2
Lived in	1.6	1.3	1.6	1.6	1.4	1.3	1.2	1.5	1.4	1.6	2.0	1.4	1.6
Uncertain	0.9	0.7	0.8	0.7	0.8	0.8	0.5	0.9	0.8	1.2	0.8	0.8	0.7
Major appliances													
Total plans	33.5	25.3	26.5	25.8	27.2	29.5	27.8	27.1	29.5	28.7	25.9	22.7	29.4
Refrigerator	5.0	4.1	4.0	4.1	3.5	4.5	4.2	3.5	3.8	3.9	3.7	3.2	4.8
Washing machine	4.0	2.8	3.4	3.3	3.3	3.9	3.9	3.7	3.6	3.9	4.3	2.9	3.9
Black and white TV	1.3	0.8	0.7	0.7	0.5	1.0	0.7	0.7	0.6	0.8	0.4	0.4	0.5
Color TV	8.4	6.1	7.7	7.0	7.5	7.8	7.0	7.3	8.1	7.6	7.0	6.4	8.3
Vacuum Cleaner	6.0	5.1	4.0	4.1	5.2	4.7	5.0	5.1	5.3	4.5	4.0	3.3	4.6
Range	3.0	2.3	2.6	2.9	2.3	2.9	2.5	2.3	2.9	2.6	2.0	2.3	2.8
Clothes dryer	3.3	2.7	3.0	2.5	3.4	3.2	2.9	3.2	3.4	3.2	3.0	2.6	3.0
Air conditioner	2.5	1.4	1.1	1.2	1.5	1.5	1.6	1.3	1.8	2.2	1.5	1.6	1.5
Carpet	8.5	6.2	6.9	6.3	6.9	7.4	7.0	5.8	7.8	7.0	7.1	5.9	7.4
Vacation Intended Within Six Months: Percent													
Vacation Intended	49.4		49.0		48.5		45.1		48.8		48.9		50.4
Destination													
Home state	9.9		9.5		10.5		7.2		9.6		9.3		9.5
Other state	34.9		33.7		33.6		31.6		33.7		33.8		35.6
Foreign country	6.7		7.5		6.3		6.8		7.1		8.2		6.8
Means of Travel													
Automobile	33.0		31.3		30.3		26.5		29.6		30.1		32.0
Airplane	17.6		17.3		17.3		17.9		19.3		20.0		19.7
Other	3.9		4.6		3.5		3.7		4.6		5.7		4.3

(p)—preliminary (r)—revised

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters at (212) 759-0900.